

RCI-1 - Utility Demand Side Management

Benefit/Cost of Reducing CO₂e:

Arizona: 103 MMt between 2007-2020; 9.2% of 2020 emissions; \$-36/ton
New Mexico: 6.5 MMt between 2007-2020; 1.17 % of 2020 emissions; \$-23.54/ton
Colorado: High reduction potential; Low cost
Montana: 6.6 MMt between 2007-2020; 2.57% of 2020 emissions; \$-21/ton
Oregon: 4.18 MMt between 2007-2025; 4.4% of 2025 emissions; Cost effective
N. Carolina: 135 MMt between 2007-2020; 7.5% of 2020 emissions; \$-24/ton

Assessment: High Priority. Bin A. 18 out of 22 votes.

This policy option has a substantial GHG emissions reduction potential and cost savings. Some utilities in Utah already offer demand side management (DSM) programs and have experience in their implementation.

This policy option involves the adoption of energy savings standards or targets for utility demand side management programs, the potential expansion of DSM programs to include all utilities, and the development of mechanisms for funding cost-effective energy efficiency programs.²

The goal of a utility DSM program is typically to secure additional investment in energy efficiency programs in order to secure cleaner energy at a lower or equivalent cost. DSM programs can cover a wide range of energy efficiency and conservation efforts. Performance based incentives, efficiency portfolio standards, energy trusts, decoupling of rates and revenues, and appropriate rate treatment for efficiency, are examples of policies to implement DSM programs.^{3 4}

A DSM program may be independently administered by a utility but typically is enacted by state legislation in the form of a Public Benefit Fund (PBF). A small charge – typically equivalent to a \$0.27 to \$2.50 - is placed on a consumer's electricity bill in order to secure funding for investment in energy efficiency programs. Non-profit organizations may also play a role in program administration. Flexibility in the administration of the program is important if the program is to be cost effective and have maximum effect.^{5 6} Examples of energy efficiency measures include lighting retrofits, weatherization⁷, heating and cooling system improvements, and efficient building design.

² Both Rocky Mountain Power and Questar currently have programs to fund DSM programs. In addition, Rocky Mountain released an assessment on DSM potential. See:

<http://www.pacificorp.com/Article/Article75535.html>

³ <http://www.nmclimatechange.us/ewebeditpro/items/O117F10150.pdf>

⁴ http://www.epa.gov/cleanenergy/pdf/gta/guide_action_full.pdf

⁵ See http://www.epa.gov/cleanenergy/pdf/gta/guide_action_full.pdf;

⁶ http://www.swenergy.org/pubs/Natural_Gas_DSM_Programs_A_National_Survey.pdf;

⁷ Including high efficiency windows and insulation